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Review of progress and consideration of future actions

Review of progress and consideration of future actions

Report of the Secretary-General**

Summary

The multi-year programme of work of the United Nations Forum on Forests provided for a review of progress and consideration of future actions at its fifth session. The present report has been prepared to facilitate discussion of this item.

The report reviews progress towards sustainable forest management and progress in the implementation of the Forum's plan of action and the multi-year programme of work, explaining how they have contributed to promoting sustainable forest management and identifies catalysts and obstacles affecting progress.

In its consideration of future action, the report suggests priorities, discusses the setting of goals and targets and considers emerging and critical issues. It also examines the financing of sustainable forest management.

The report also considers developing the international arrangement, largely on the basis of the discussions of the Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework on All Types of Forests and the discussions at the country-led initiative in support of the United Nations Forum on Forests on the future of the international arrangement on forests held in Guadalajara, Mexico, in January 2005.

* E/CN.18/2005/1.

** The delay in the issuance of the present report was due to the need to include updated information.

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Contents

		Paragraphs	*Page*
I.	Introduction	1–2	3
II.	Review of progress	3–33	3
	A. Progress towards sustainable forest management	3–12	3
	B. Implementation of the plan of action	13–14	5
	C. Implementation of the multi-year programme of work	15–18	6
	D. Catalysts and obstacles in the implementation of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests	19–33	7
III.	Consideration of future actions	34–45	10
	A. Objectives, principal functions and priorities	34–36	10
	B. Setting goals and targets	37–39	13
	C. Emerging and critical issues for sustainable forest management	40	13
	D. Financing sustainable forest management	41–45	14
IV.	Developing the international arrangement on forests	46–55	16
	A. Future options for the arrangement	46–47	16
	B. Strengthening the international arrangement on forests	48–52	17
	C. Developing a legal framework	53–55	18
V.	Conclusions	56–59	19
VI.	Points for discussion	60	20

I. Introduction

1. At its first session, the United Nations Forum on Forests adopted resolution 1/1, containing its multi-year programme of work for 2001-2005, and resolution 1/2,[1] containing a plan of action for advancing the implementation of the proposals for action of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF). The multi-year programme of work called for a review of progress and consideration of future actions at the fifth session of the Forum.

2. The present report has been prepared to facilitate the review of progress and consideration of future actions. It reviews progress towards sustainable forest management and the implementation of the Forum's plan of action and multi-year programme of work, identifying catalysts and obstacles affecting progress. It also considers elements of possible future actions, including objectives, principal functions and priorities; the setting of goals and targets; emerging and critical issues; and the financing of sustainable forest management. Recognizing that when the Economic and Social Council established the international arrangement on forests it decided that it should be dynamic and adapt to changing conditions,[2] the report also considers options for developing the international arrangement on forests. In presenting points for discussion, it is suggested that the report be considered together with the report of the Secretary-General on review of the effectiveness of the international arrangement on forests (E/CN.18/2005/6) and the note by the Secretary-General on consideration of the parameters of a mandate for developing a legal framework for all types of forests with a view to recommending them to the Council and through it to the General Assembly (E/CN.18/2005/9).

II. Review of progress

A. Progress towards sustainable forest management

3. Widespread use of the term "sustainable forest management" has its origins in the United Nations Conference on Environment and Development, held in Rio de Janeiro in June 1992, in particular in the Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests (Rio Forest Principles)[3] and chapter 11 of Agenda 21.[4] While there is no single, universally agreed definition of sustainable forest management, it encompasses the management, conservation and sustainable development of all types of forests. Understanding of the concept of sustainable forest management has continued to evolve since 1992. IPF and IFF agreed on over 270 proposals for action for sustainable forest management. Drawing upon the work of regional processes on criteria and indicators for sustainable forest management, the Forum acknowledged, at its fourth session,[5] that seven thematic elements offer a reference framework for sustainable forest management. Those seven thematic elements are used in the following review.

4. **Extent of forest resources.** Despite the efforts of the international forestry community, total forest area continues to decline in most regions of the world. The underlying causes of deforestation include: the demand on forest land for agriculture, grazing and human settlements; the growing demand for timber and forest products; and a range of biotic and abiotic factors that adversely affect forest

health and vitality. The significance of these factors varies between geographical areas. In many countries, causes of deforestation are related to more fundamental issues such as poverty. Furthermore, deforestation is often linked with a failure to recognize the full value of forests.

5. **Biological diversity.** Substantial progress has been made in establishing protected area networks in all regions of the world to prevent loss of forest biological diversity. Over 10 per cent of the global forest area is currently under some form of protection (although the impact and effectiveness of such protection varies significantly). While forest biodiversity continues to decline as a result of deforestation, forest degradation and associated fragmentation of forest habitats, strong efforts are now being made to reverse this trend by restoring the forest functions in degraded forest landscapes.

6. **Forest health and vitality.** In many parts of the world where damage to forests from air pollution has been a significant problem, measures taken to reduce industrial emissions have been beneficial. Continuing action is being taken to monitor the impact of air pollution where it remains a threat to forest health and productivity. Other major threats to forest health and productivity include those posed by fire, storms and other cataclysms, drought, air pollution, the long-term effects of climate change, pests, diseases and invasive species. Unsustainable management practices can also be a contributing factor.

7. **Productive functions of forest resources.** At the global level, the capacity of forests and the amount of land suitable for forest restoration is theoretically sufficient to meet the growing demand for forest products in the near to mid-term. In practice, however, constraints of accessibility, technology and institutional arrangements cause local and regional shortfalls in supply that put pressure on some forests for unsustainable levels of harvesting of wood (including fuelwood and non-timber forest products). Importing of forest products, resulting from local or regional scarcities, may put pressure on other regions. Illegal activity can also put pressure on forest resources.

8. **Protective functions of forest resources.** Trees and forests have important benefits for maintaining water resources and for many agricultural systems, and through these contribute to rural livelihoods. While there is often a lack of quantitative data about the extent and monetary value of forests in protecting soil, water resources and coastlines, qualitative assessments indicate that their importance in this respect is increasingly recognized.

9. **Socio-economic functions.** The contribution of forest goods and services is often much greater than that revealed by official statistics. Forest operations and the forest industry provide employment and income to millions of workers and forest dwellers. There is a need to safeguard customary and legal rights, in particular in instances where forest resources are important for peoples' livelihoods, as is the case for many indigenous communities. There is also a need to ensure that the true value of forests is fully recognized, including their non-market and public good value, and that wider national development policies take proper account of the potential contribution of forests. The report of the Secretary-General on linkages between forests and the internationally agreed development goals, including those contained in the Millennium Declaration (E/CN.18/2005/7) highlights the particular contribution that forests can make in helping to achieve those goals.

10. **Legal, policy and institutional framework.** The establishment of an international arrangement on forests, which includes the United Nations Forum on Forests, and the support of the Collaborative Partnership on Forests to the work of the Forum, represents a landmark in the development of an institutional framework for sustainable forest management. Other recent developments include the World Bank's revised strategy on forests.[6] At the regional level, there have also been important developments, including the emergence of the nine criteria and indicator processes, forest law enforcement and governance initiatives and awareness building on illegal logging and associated trade. At the national level, important developments have included the formulation and implementation of national forest programmes and reforms in national legislation dealing with forests, land use and natural resources, as well as decentralization and the devolution of forest management to communities.

11. In summary, there has been mixed progress towards sustainable management of forests at the global, regional and national levels. On the one hand, most countries are now involved in internationally agreed initiatives related to sustainable forest management. The criteria and indicators processes have helped in developing a common understanding of the characteristics of sustainable forest management and in translating it into practice. On the other hand, illegal forest-related activities continue to be a major threat to sustainable forest management. A particular challenge will be to facilitate reforms by national and international institutions that address policy and governance issues, as well as market failures that cause and sustain illegal logging and associated trade.

12. The challenges of the alarming rate of deforestation and forest degradation remain serious. There is also a perception that forest-related issues have become relatively less important on the international agenda over the past 10 years. Further action is needed to promote sustainable forest management, clarifying the positive role of forests for socio-economic development of countries, especially for forest-dependent people. Decision makers and the general public pay more attention to the need for sustainable forest management when it is clear that it brings benefits in terms of broader development priorities.

B. Implementation of the plan of action

13. The stated target of the plan of action[1] is progress on the implementation of the IPF/IFF proposals for action and demonstrable progress towards sustainable forest management by 2005. Progress in the implementation of the proposals for action, according to the 16 elements identified in the plan of action, is considered in more detail in the report of the Secretary-General on the review of effectiveness of the international arrangement on forests (E/CN.18/2005/6). The Collaborative Partnership on Forests Framework 2005 (E/CN.18/2005/INF/1) provides detailed information on actions taken by members of the Partnership in support of the implementation of the plan of action. Positive aspects of the implementation of the plan include the development and strengthening of national forest programmes (or similar frameworks) by many reporting countries since the first session of the Forum in 2000; the participation, in the majority of cases, of stakeholders in the formulation and implementation of these national forest programmes; the work of the nine regional criteria and indicator processes; and the designation of national focal points by 125 countries.

14. The assessment of progress in the implementation of the plan of action is, however, hindered by the relatively small number of countries submitting voluntary national reports to the Forum. Over the past four years, 66 countries, 32 developing, 23 developed and 11 countries with economies in transition, including the European Union, have submitted a total of 134 voluntary reports to the Forum. Few countries have developed institutional mechanisms and processes for monitoring and assessing the status of implementation of the proposals for action on an ongoing basis, as called for in the plan of action. Although the plan underlines the importance of providing financial resources to developing countries and countries with economies in transition for the implementation of the proposals for action of IPF/IFF, inadequate financial resources in those countries continue to be a major constraint.

C. Implementation of the multi-year programme of work

15. The multi-year programme of work for 2001-2005 provides the overall structure for the work of the sessions of the Forum. At past sessions, the Forum has considered reports of the Secretary-General on the implementation of the IPF/IFF proposals for action: each report considered a particular element, means of implementation for that element, common items (such as national forest programmes, trade, the promotion of public participation and monitoring, assessment and reporting) and emerging issues relevant to country implementation. The Forum adopted resolutions based on lessons learned with recommended actions directed at member States, members of the Collaborative Partnership on Forests, other international organizations and the donor community for further strengthening the implementation of the proposals for action. All those resolutions were brought to the attention of the Economic and Social Council.

16. The multi-year programme of work includes two high-level ministerial segments and policy dialogues with the heads of member organizations of the Collaborative Partnership on Forests. The first was held during the second session of the Forum and provided member States with the opportunity to highlight country goals and strategies for implementing the proposals for action. A major output of the high-level segment was the Ministerial declaration and message from the United Nations Forum on Forests to the World Summit on Sustainable Development.[7] It became the basis of the section on forests and sustainable forest management in the Johannesburg Plan of Implementation of the World Summit on Sustainable Development.[8]

17. The involvement of major groups in the work of the Forum featured prominently in the multi-year programme of work. Since its second session, the Forum has held multi-stakeholder dialogues to allow for an exchange of views between Government delegates and the representatives of major groups. All the major groups except for local authorities have participated in these dialogues. In addition, major groups have provided discussion papers for consideration at the sessions of the Forum, many of which address their contribution to the implementation of the IPF/IFF proposals for action.

18. The multi-year programme of work also envisaged intersessional activities, such as the meetings of ad hoc expert groups and country and organization-led initiatives to support the work of the Forum. By its decision 2003/299, the

Economic and Social Council adopted the Forum's proposal that intersessional work should be carried out by three ad hoc expert groups. The Ad Hoc Expert Group on Approaches and Mechanisms for Monitoring, Assessment and Reporting met at Geneva from 8 to 12 December 2003. The Ad Hoc Expert Group on Finance and Transfer of Environmentally Sound Technologies met at Geneva from 15 to 19 December 2003. The reports from both expert groups, which were considered at the fourth session of the Forum, led to the adoption of resolution 4/3[5] on forest-related monitoring assessment and reporting: criteria and indicators for sustainable forest management, and decision 4/2,[5] which called for further consideration of the issues of finance and transfer of environmentally sound technologies, including the recommendations of the Ad Hoc Expert Group, in the programme of work of the Forum. The Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework on All Types of Forests met in New York from 7 to 10 September 2004; its report (E/CN.18/2005/2) provided important inputs to the present report. From 2000 to 2005, there were 18 country and organization-led initiatives in support of the Forum. A majority of these initiatives were co-sponsored by both developed and developing countries, as well as international organizations, including non-governmental organizations.

D. Catalysts and obstacles in the implementation of the proposals for action of IPF/IFF

19. In considering future actions and further development of the international arrangement on forests, it is important to take account of current catalysts and obstacles in the implementation of the IPF/IFF proposals for action. Catalysts and obstacles were discussed by the Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework on All Types of Forests.[9]

Catalysts

20. **Strengthened and long-term political commitment.** The most significant development in strengthening the international commitment has been the establishment of the international arrangement on forests. This strong signal by the international community was a response to calls for a central body that could address priority issues relating to all types of forests in a balanced, holistic and mutually reinforcing manner. The significance of sustainable forest management was recognized in both the Millennium Declaration[10] and the Johannesburg Plan of Implementation[8] as essential to achieving sustainable development. The Forum has a central role in promoting the role of forests in achieving international development goals.

21. **Good governance.** Effective policies, rule of law and transparency are prerequisites for sustainable forest management. Other essential elements include democratization, decentralization, political and social stability, continuity of staff, awareness raising and law enforcement. Increased support to timber producing countries to take advantage of new market opportunities and meet the requirements of more demanding markets can help them in their efforts to tackle illegal logging. In order to discourage illegal activity, action is also needed by consumers and traders to prevent illegally harvested products from entering the markets of

consuming countries. Governments themselves are significant consumers and their actions can have an impact beyond their own immediate suppliers.

22. **Implementation of national forest programmes.** The proposals for action have effectively shaped the national forest programmes and their equivalents in many countries, and these national forest programmes have become national institutional frameworks for achieving sustainable forest management. The proposals for action have also helped to broaden the scope of such programmes, bringing related intersectoral problems and issues into focus, and have advanced the effective participation of stakeholders. National forest programmes have also become vehicles for meeting commitments under international agreements.

23. **Developing and implementing criteria and indicators for sustainable forest management.** Criteria and indicators play a key role in the shaping of a common vision of what constitutes sustainable forest management and in measuring and monitoring progress. About 150 countries are engaged in one or more of the nine criteria and indicator processes. These international cooperation frameworks, which have a great deal of complementarities and similarities, have been particularly effective in promoting sustainable forest management.

24. **Global and regional cooperation frameworks.** The seven thematic elements, discussed in paragraphs 3 to 10 above, can provide a basis for a simplified and harmonized approach by global and regional cooperation frameworks when addressing emerging and critical issues. Regional processes, such as the Amazon Cooperation Treaty, provide a valuable mechanism for exchanging information, experiences and lessons learned regarding the proposals for action and for improving implementation. The regional commissions of the United Nations and the regional forestry commissions of the Food and Agriculture Organization of the United Nations (FAO) also help to reinforce political support for implementation of the proposals for action.[11] Regional cooperation thus has an important role in driving the sustainable forest management agenda.

25. **Partnerships.** The Collaborative Partnership on Forests, as an international partnership, has been instrumental in assisting countries in the implementation of the proposals for action in areas including: capacity-building for the implementation of national forest programmes; forest-related scientific research; monitoring, assessment and reporting; and the development of criteria and indicators. Action by the Partnership on reaching a common understanding on concepts, terminology and definitions has also been beneficial and has helped in achieving greater harmonization of national forest programmes and their equivalents. At the regional level, partnerships, such as the New Partnership for Africa's Development, the Congo Basin Forest Partnership and the Asia Forest Partnership have proved to be an effective catalysing force. At the country level, partnerships between Governments and non-government stakeholders have been effective vehicles for promoting implementation of the proposals for action.

26. **Stakeholder participation.** Stakeholder participation in sustainable forest management is an increasingly important feature at the country level. Of particular value is the broadening of the range of stakeholders with an interest in forests and the development of innovative mechanisms for equitable involvement of these stakeholders in the formulation of forest policy and programmes and in forest planning and management. For example, the integration of local and indigenous

communities in sustainable forest management has strengthened the implementation of the IPF/IFF proposals for action.

27. **Country and organization-led initiatives.** Country and organization-led initiatives have been instrumental in advancing work on the implementation of the proposals for action in relation to a number of very specific issues. They provide an opportunity to discuss and analyse complex and politically sensitive issues before they are formally addressed and negotiated at sessions of the Forum. They are also valuable tools for the exchange of information on experiences and lessons learned, as well as for the promotion of relevant proposals for action, which may lead to action on the ground.

Obstacles

28. **Policy dialogue is poorly linked to action on the ground.** Forests are not well recognized for their broader economic and social role. In many countries, forests and forest management have a low priority in economic, social and political agendas. This is particularly true when the policy dialogue is removed from action and needs on the ground. Clear goals and targets could help to catalyse a bottom-up approach, strengthening commitments and ensuring that sustainable forest management makes a full contribution to the broader development agenda.

29. **Assessment of progress in the implementation of proposals for action.** The large number of proposals for action reflects the complexity of the international forest agenda. Many practitioners, however, are either unaware of these proposals for action or find them difficult to understand. This makes implementation difficult. This obstacle has been highlighted at several recent awareness and capacity-building activities. Furthermore, baseline information on progress is lacking at the national and subnational levels. The need for more streamlining and harmonization of forest-related reporting is being addressed by a task force of the Collaborative Partnership on Forests.

30. **Lack of financial resources.** Progress in strengthening financing for sustainable forest management has been both slow and inadequate. In their national reports, developing countries in particular state that they are greatly constrained in the implementation of the proposals for action in all thematic areas, owing to insufficient financial resources for programme delivery. Externalities, issues of common access and the public goods nature of certain important forest benefits mean that forests do not generate revenues that reflect their full value. As a result, there is often too little incentive for investment in sustainable forest management when compared with other land uses or other sectors. The report of the Ad Hoc Expert Group on Finance and Transfer of Environmentally Sound Technologies provides a more in-depth analysis of financial constraints impeding sustainable forest management, as well as a number of recommendations for addressing them.

31. **Disincentives for sustainable forest management.** The Ad Hoc Expert Group on Finance and Transfer of Environmentally Sound Technologies also noted that the achievement of sustainable forest management can be greatly hindered by policies established outside the forest sector. Disincentives can arise from policies that increase the opportunity cost of forest land, in particular for agriculture or development; insufficient integration of sustainable forest management issues into national, sectoral, regional and local development plans, including national poverty-reduction strategies; restrictions on rent capture and other perverse incentives, such

as taxation policies; inadequate law enforcement and unclear land tenure and property rights. Corruption and weak law enforcement can lead to distorted markets and to trade that undermines businesses that operate responsibly within the law. These factors can make unsustainable practices more profitable than sustainable forest management.

32. **Inadequate transfer of environmentally sound technologies for sustainable forest management.** While some progress has been made in this area, transfer of environmentally sound technologies for sustainable forest management is generally inadequate, particularly in such areas as the development of information management systems for sustainable forest management; utilization of modern monitoring and assessment technologies, including remote sensing and geographic information systems; tools for early warning of specific threats, such as fire; improved harvesting and silvicultural practices; and more efficient wood-processing and utilization technologies. Multilateral development banks, bilateral donors and international organizations are promoting technology transfer through individual projects, but more needs to be done.[12]

33. **Inadequate capacity-building**. Developing countries and countries with economies in transition repeatedly stress that they are greatly in need of capacity-building and corresponding financial assistance to enable them to implement many of the proposals for action. This includes the need for effective extension services; adequate resources and facilities for research and development; and necessary human capacity. Capacity-building encompasses enabling policies and incentives, appropriate legislation and regulation, effective enforcement, adequate information and sufficient human resources, in addition to environmentally sound technologies. It also identifies the range of stakeholders that need to be targeted for capacity-building.

III. Consideration of future actions

A. Objectives, principal functions and priorities

34. The report of the Secretary-General on the review of the effectiveness of the international arrangement on forests concludes that the objective and principal functions of the international arrangement on forests remain valid, but that there is a need for further strengthening of the international arrangement for it to become more effective in delivering on its mandate. The report shows that against a background of many other competing priorities on the international agenda, much useful work has been done, but that the full potential of the international arrangement on forests is yet to be realized. There is a need to raise the status of forest-related issues on the international agenda so that the forestry sector can contribute fully to achieving internationally agreed development goals, including those contained in the Millennium Declaration. Many of the participants at the meeting of the Ad Hoc Expert Group held in September 2004 and the country-led initiative in support of the United Nations Forum on Forests on the future of the international arrangement on forests, held in Guadalajara, Mexico, from 25 to 28 January 2005,[13] came to a similar conclusion. Suggestions contained in the reports of these meetings regarding the objectives and functions of the international arrangement on forests are close to the objectives and functions already stated in

Economic and Social Council resolution 2000/35 establishing the international arrangement on forests.

35. The report of the Ad Hoc Expert Group meeting[14] and the report of the Guadalajara meeting both emphasize the need to demonstrate the contribution of sustainable forest management to global priorities such as poverty alleviation (including sustainable livelihoods of forest-dependent people), health, environment, sustainability and gender equity; and the importance of fostering effective partnerships with constituencies outside the forest sector. This requires the provision of adequate means of implementation and financing; a mechanism for supporting and involving regional processes; and improved communication with the public about forest-related issues. In order to achieve this, the Forum may wish to consider identifying priorities for future action. Such priorities could be common to all options discussed below and could be used to focus international forest policy.

36. Priorities could be grouped according to the six principal functions of the international arrangement on forests, as adopted by Economic and Social Council resolution 2000/35. The following list of suggested priorities takes into consideration the catalysts and obstacles identified in the preceding chapter, as well as in the report of the Ad Hoc Expert Group which met in September 2004 and the Guadalajara report:

1. Implementation of the proposals for action of IPF/IFF:

(a) Providing adequate means of implementation, including secured and predictable financial resources, project financing, capacity-building and access to environmentally sound technologies;

(b) Catalysing action on the ground and stimulating a bottom-up approach;

(c) Articulating the concept of sustainable forest management more clearly;

(d) Improving communication about the problems and learning from the work of others.

2. Forum for continued policy development and dialogue:

(a) Providing dialogue, at global and regional levels, on forest-related issues and related priorities, including those relating to the broader development agenda;

(b) Promoting, open, transparent, inclusive processes, ensuring full participation by all countries;

(c) Having the flexibility to address emerging issues, such as those identified in para. 40 below;

(d) Attracting the interest of a wide range of stakeholders, making full use of participatory processes and strengthening the involvement of major groups, while improving communication with the public on forest-related issues.

3. Cooperation and policy and programme coordination:

(a) Providing a mechanism for supporting and involving regional processes;

(b) Providing a coordination mechanism at the international level, including the Collaborative Partnership on Forests, and making more extensive use of the Partnership to carry out joint and collaborative initiatives;

(c) Continuously supporting coordinated efforts, such as the forest law enforcement and governance processes, in regions where the problem is greatest;

(d) Facilitating cross-sectoral coordination nationally and internationally between the forest sector and other sectors in order to reduce negative impacts on forests of decisions made outside the forest sector and to provide broad guidance and assist the development of national policies and legislation.

4. International cooperation:

(a) Developing partnerships aimed at achieving sustainable forest management, including initiatives among Governments, organizations and other stakeholders, both within and beyond the forest sector;

(b) Providing a supportive environment for countries in order to help them achieve sustainable forest management;

(c) Getting a better understanding of the causes of deforestation and illegal activities and helping develop solutions based on this understanding.

5. Monitoring and assessing progress through reporting:

(a) Developing clear functions for monitoring and assessing progress that are designed to help countries to share experience and lessons learned, as well as providing a tool for assessing progress towards sustainable forest management;

(b) Providing capacity-building and an enabling environment for developing countries to further develop and improve their monitoring and assessment functions.

6. Strengthening political commitment:

(a) Providing a high-level United Nations body for continuous policy development, guidance and dialogue;

(b) Promoting wider understanding of the role of forests and their contribution to internationally agreed development goals;

(c) Promoting a coherent policy within each Government;

(d) Helping to develop the capacity of the forest community to address cross-sectoral issues effectively.

B. Setting goals and targets

37. A number of participants at the meeting of the Ad Hoc Expert Group and the Guadalajara meeting highlighted the potential benefits of agreeing on a global goal for forests that could provide a vision for the next 10 years. Based on the discussion at these meetings, the elements of such a global goal are suggested in the report of the Secretary-General on linkages between forests and the internationally agreed development goals, including those contained in the Millennium Declaration (E/CN.18/2005/7). The fifth session of the Forum, and especially the high-level segment of the session, provides the international community with an opportunity to set a clear global goal for sustainable forest management. Ministers participating at the high-level segment may also wish to send a message to the High-level Plenary Meeting of the sixtieth session of the General Assembly about renewing the pledge to make progress towards sustainable forest management by reducing the rate of net deforestation, maintaining forest functions, restoring degraded and unmanaged forest landscapes, conserving natural forests and improving the livelihoods of poor people living in and around forests worldwide.

38. Achieving a global goal would require strong national commitment and actions on the ground. As already envisaged in the current plan of action, setting measurable targets at the national level could considerably facilitate the building of a stronger commitment to sustainable forest management and could also highlight the role of forests in contributing to the implementation of broader international development agenda. The setting of such targets would be the responsibility of individual countries.

39. It should also be noted that the Convention on Biological Diversity is in the process of developing goals and targets for its expanded programme of work on forest biological diversity, based on its Strategic Plan, in order to facilitate evaluation of progress in the implementation of its mission to achieve, by 2010, a significant reduction in the current rate of biodiversity loss at global, regional and national levels. The Ad Hoc Technical Expert Group on the Review of Implementation of the Programme of Work on Forest Biological Diversity is discussing the further development of targets in order to provide a flexible framework for national targets. It will present targets for forests to the Subsidiary Body on Scientific, Technical and Technological Advice, which will in turn present them to the eighth meeting of the Conference of the Parties to the Convention on Biological Diversity for inclusion in the programme of work of the Convention.

C. Emerging and critical issues for sustainable forest management

40. It is important that the international arrangement is flexible and can address emerging issues. Forests are deeply intertwined with other sectors of the society and their management requires an intersectoral approach that reflects broader developments in economic, social and environmental priorities, as well as new threats to sustainable forest management. The reports of the Secretary-General to the second, third and fourth sessions of the Forum noted a number of emerging issues that could be addressed by the international arrangement. The report of the Ad Hoc Expert Group[14] and the Guadalajara report also contain valuable recommendations for the future work of the international arrangement on forests. Such issues include:

(a) Contribution of forests to poverty eradication, including the role of forests in key development planning processes, such as poverty reduction strategy papers and linking aspects of sustainable forest management to the Millennium Development Goals;

(b) Social impact assessment for sustainable forest management;

(c) Supporting traditional rights of local communities;

(d) Decentralization and devolution of authority to local levels;

(e) Forest law enforcement, governance and conflict management;

(f) Illegal logging and associated trade in forest products;

(g) Perverse subsidies and their impact on deforestation and forest degradation;

(h) Forest fires, pests, diseases and abiotic factors affecting forests, including storm damage and the impact of climate change;

(i) Protecting and managing forests for water resources as well as for environmental and social non-market services;

(j) Targeted policy research and interdisciplinary research for decision-making;

(k) Trees outside forests as well as urban and peri-urban forests;

(l) Forest ethics and corporate responsibility;

(m) Spiritual values of forests and planning and management of sacred sites and indigenous territories.

The Forum may wish to consider how these emerging and critical issues could be addressed in the future programme of work of the international arrangement on forests.

D. Financing sustainable forest management

41. As noted in the report of the Secretary-General on the Review of the effectiveness of the international arrangement on forests, it is clear from the voluntary reports and responses to questionnaires that financing sustainable forest management is regarded by many countries as a critical issue for the future development of the international arrangement on forests. The above-mentioned report of the Ad Hoc Expert Group and the Guadalajara report also point out that it is essential to consider financing, including the sources of funding and funding mechanisms, as an indispensable element of developing the international arrangement. Financial mechanisms are needed to facilitate implementation of sustainable forest management, as well as financing the international arrangement itself.

42. Without adequate recognition of the full value of forests and their goods and services, additional external financing may be required to cover costs incurred by forestry operators adopting sustainable practices in order to create value for non-market benefits and to counteract perverse incentives. The lack of mechanisms to compensate forest owners for environmental and social non-market services

encourages unsustainable practices, hampers financing for sustainable forest management and contributes to deforestation. Instruments tackling market failures and offering incentives to provide watershed protection, recreation, carbon sequestration, among many other non-market benefits, contribute substantially to sustainable forest management. Since forest benefits are often of regional and sometimes truly global in nature, a more equal distribution of costs and benefits is an important issue to address.

43. The Ad Hoc Expert Group on Finance and Transfer of Environmentally Sound Technologies discussed important dimensions of financing, including the role and status of official development assistance (ODA) and the effectiveness of existing international financing. The conclusion of the Ad Hoc Expert Group, supported by the Guadalajara report, stressed the importance of mainstreaming sustainable forest management in national development strategies, including poverty reduction strategy papers, where they exist. It is also important to highlight the contribution of forests to other aspects of sustainable development, including the quality and well-being of the environment and a multitude of economic and social development issues. There is a need to explore ways to use available ODA for the forest sector more effectively in promoting sustainable forest management and building respective national capacities. The report of the Secretary-General on linkages between forests and the internationally agreed development goals, including those contained in the Millennium Declaration (E/CN.18/2005/7) provides further discussion on financing for sustainable forest management and through it the implementation of a wider development agenda.

44. The financial resources required for achieving sustainable forest management are often beyond the capacity of Governments, and there is an increasing need for private sector investment. Sources of private investment may be domestic or foreign. If sustainable forest management is to compete successfully for resources, strong domestic strategic decisions and policy measures are needed to create an attractive investment environment.

45. Elaborating further on the proposals from previous meetings, the Guadalajara report presents a suggestion that a global forest fund be established to assist developing countries and countries with economies in transition in their efforts towards sustainable forest management. Such a mechanism could have a significant impact on the effective implementation of decisions taken by the international arrangement on forests. Guidelines could be developed to ensure that these financial resources are used well and that the need for good governance is recognized. It was also noted that international funding for sustainable forest management should be on a medium and long-term basis, beyond traditional project cycles. The international arrangement on forests could also provide access to new funding mechanisms, including more explicit recognition and direct access to funds such as the Global Environment Facility (GEF). It has been also noted that an informed decision on how best to fund the international arrangement on forests itself needs to be taken in the light of decisions on developing the international arrangement.

IV. Developing the international arrangement on forests

A. Future options for the arrangement

46. While there has been widespread agreement, reflected in the report of the Ad Hoc Expert Group[14] and in the Guadalajara report, on the need for financing of sustainable forest management, there have been differing views about future options for the arrangement. The report of the Secretary-General on the review of the effectiveness of the international arrangement on forests (E/CN.18/2005/6) concludes that the current arrangement should be strengthened, but it also refers to the differing views about achieving this. The report of the Ad Hoc Expert Group meeting presents a broad range of options for a future international arrangement on forests, with several sub-options. The Guadalajara report further elaborates critical elements, focusing in particular on institutional modalities and financial mechanisms. While reaffirming and refining many of the observations of the Ad Hoc Expert Group, the Guadalajara meeting narrowed down the range of options, and also recognized that the options are not necessarily mutually exclusive. The main options share many features and there is no strong borderline between them. In practice, the options could also form consecutive steps in a progressive development of the international arrangement on forests.

47. The institutional framework of the international arrangement on forests, the method of work and its institutional modalities will greatly determine the effectiveness of future actions. To that end, the Ad Hoc Expert Group identified seven broad options for the future of the international arrangement on forests:[15]

(a) A stronger international arrangement on forests with greater political support, a clearer mandate, strengthened financing and a strengthened secretariat;

(b) A collaborative framework on forests with a declaration of commitment on sustainable forest management, means of implementation, a strengthened reporting mechanism and a stronger secretariat and the Collaborative Partnership on Forests;

(c) A political, scientific and cooperative intergovernmental body with the main purpose of financing sustainable forest management projects, consisting of a political committee, a scientific committee, a financial and cooperation committee, and regional consultation meetings;

(d) Voluntary guidelines based on the Rio Forest Principles[3] to support the implementation of the IPF/IFF proposals for action on the ground;

(e) A two-tiered approach, whereby a programme of regional and/or thematic meetings would provide input to global meetings;

(f) A framework convention with thematic and regional protocols;

(g) A protocol under either the Convention on Biological Diversity or the United Nations Framework Convention on Climate Change.

The Guadalajara report provides an evaluation of four options for the international arrangement on forests:

(h) Discontinue the current international arrangement on forests;

(i) A non-legally binding instrument such as an enriched and stronger version of the current international arrangement on forests;

(j) A legally binding instrument such as a framework convention, with provisions for subsequent protocols;

(k) A legally binding instrument such as a stand alone convention.

Taking into account the report of the Secretary-General on the review of the effectiveness of the international arrangement, as well as the preferences expressed in the report of the Ad Hoc Expert Group and in the Guadalajara report, the options discussed could be further combined and reduced to two principal options, considered below:

- Strengthening the international arrangement on forests;
- Developing a legal framework.

B. Strengthening the international arrangement on forests

48. Strengthening of the international arrangement on forests is needed to introduce new vigour to the international dialogue on sustainable forest management. The new focus on issues of pivotal international concern can be built on the suggested priorities in paragraph 36 above and on emerging and critical issues for sustainable forest management such as those identified in paragraph 40 above. The prerequisite is strengthened political commitment, without it progress would not be possible. To that end, the strengthening of the international arrangement on forests could be built on the positive elements of the catalysts and address the obstacles identified in section II above. In particular, through strengthened financing for sustainable forest management, the arrangement could help ensure that there is an effective enabling environment, which would also help strengthen its catalytic role.

49. The report of the Ad Hoc Expert Group and the Guadalajara report point out that such strengthening of the international arrangement would not preclude further development towards a legal framework, if that was the wish of member States. They also make a number of other suggestions for strengthening, including an enhanced role for the Collaborative Partnership on Forests, linking the arrangement to FAO and the United Nations Environment Programme (UNEP) (and relocating the secretariat), extending the Bureau by including representatives of regional processes and allowing participation from the secretariat of the regional processes on forests in the work of the Collaborative Partnership on Forests. It was also suggested that there could be a two-tier approach whereby a programme of regional and/or thematic meetings would provide input to global meetings.

50. As reflected in the Guadalajara report, concerns were raised about whether a strengthened international arrangement would be able to increase the political visibility of the forest sector so that it is no longer a low profile issue on the international agenda. It was also mentioned that strengthening the arrangement may be a challenging task as the current arrangement seems to have all the necessary political authority already.

51. Based on the proposals in the report of the Ad Hoc Expert Group and the Guadalajara report, concrete actions to strengthen the international arrangement could include:

(a) Building a strong financial element as part of the new multi-year programme of work. This could include a global forest fund oriented to promote programmes to address linkages between sustainable forest management and broader development agenda, particularly poverty alleviation and environmental sustainability. It could also provide the means for capacity-building and transfer of environmentally sound technologies for sustainable forest management;

(b) Complementing the existing mandate and principal functions of the international arrangement on forests by identifying and addressing priorities, emerging and critical issues and catalysts and obstacles for sustainable forest management;

(c) Adopting a global goal for forests that could provide a vision for the next 10 years, supported by voluntary measurable targets at the national level that could facilitate the building of a stronger commitment to sustainable forest management and highlight the role of forests in contributing to the implementation of broader international development agenda;

(d) Developing voluntary guidelines relating to sustainable forest management and its implementation, based on the Rio Principles, the IPF/IFF proposals for action and the decisions of the Forum. These could provide an articulation of the concept of sustainable forest management and help promote wider understanding of its importance. They could also underpin national forest programmes, criteria and indicators and the issues related to governance and law enforcement;

(e) Improving the methods of work, with particular emphasis on the policy formulation/policy guidance review cycle. This should be supported by enhanced cooperation and programme and policy coordination, including a scheme for integrated regional and cross-sectoral collaboration, with the aim of improving coordination and implementation of sustainable forest management on the ground.

52. In order to implement the above concrete actions the international arrangement might adopt a longer-term programme of work with cycles and periodic reviews at the end of each cycle. The high-level segments could be convened to review the progress made and to establish the detailed plan of action for the next cycle. Each session could focus on a limited number of critical or priority issues. Sessions within the cycle could be convened in the premises of a suitable intergovernmental organization or regional commission. For the preparatory work of these topical issues, such as developing guidelines, an ad hoc expert group, a scientific panel or a task force of the Collaborative Partnership on Forests could be established. The Forum may also wish to convene an organizational meeting to elaborate on a programme of work and other working modalities.

C. Developing a legal framework

53. The report of the Ad Hoc Expert Group and the Guadalajara meeting also considered the option of developing a legally binding instrument. The reports point out that a legal instrument and a non-legally binding approach would be very similar

in terms of objectives, goals and principal targets and also note that a legally binding instrument would strengthen the political commitment to sustainable forest management and give forest issues high political visibility. Such a framework would also ensure that the objectives of global forest policy are internalized by those member States that ratify the convention, with commitments into agreed targets, improved coordination on the national level through translating commitments to integrated national policies and budgetary allocations. It was also considered that this improved national coordination would lead to greater coherence within governing bodies of the members of the Collaborative Partnership on Forests, leading to improved international coordination and more efficient use of means and resources at all levels. A legal framework would give forest-related issues the same status as other issues covered by multilateral environmental agreements, which would also help secure more efficient coordination.

54. Concerns have been expressed, however, that negotiations over a legally binding instrument could absorb resources and energy that would be better employed in facilitating the implementation of actions that are already agreed upon and promoting collaboration on the ground. The diversity of national circumstances could also make it difficult to develop a strong global legal instrument. There is also concern that countries might face new obligations without having the additional financial means to fulfil those obligations. Another issue would be the need to define the relationship between this instrument and existing legally binding instruments that already deal with certain forest-related matters, such as biological diversity and carbon sequestration. This is why it has been regarded as important to examine all implications before committing to a new legally binding instrument. Another reservation has been that some countries may be reluctant to participate in the process of negotiating and/or ratifying a legally binding instrument, and so it would not have global coverage.

55. It has been suggested that a number of the features of a strengthened international arrangement on forests would apply equally to a legal framework, particularly in generating a strong signal that forest-related issues are a matter of priority for the international community. Either option should provide a basis for addressing all forest-related issues in a holistic, balanced and comprehensive manner while focusing on core issues. A legal framework could reinforce existing forest-related obligations in other instruments and address problems associated with the current fragmented approach to forests. A legal framework could also contain a combination of legally binding and non-binding elements.

V. Conclusions

56. **While the implementation of the plan of action and the multi-year plan of work have contributed, along with other activities at the global, regional and national level, to promoting sustainable forest management throughout the world, the high rate of deforestation and forest degradation remain serious challenges. There is a need to raise the profile of forest-related issues on the international agenda, making clear links between sustainable forest management and the socio-economic development of countries and forest-dependent people. Inadequate financial resources and lack of capacity at the national and local levels continue to constrain implementation, particularly in developing countries and countries with economies in transition. The report of**

the Secretary-General on the review of effectiveness of the international arrangement on forests concluded that there is a need to strengthen the arrangement in order to fulfil its mandate effectively. Many participants at the meeting of the Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework in All Types of Forests, held in September 2004, and the Guadalajara meeting also advocated a stronger international arrangement on forests.

57. Future actions of the international arrangement on forests should promote the contribution of the management, conservation and sustainable development of all types of forests to the achievement of internationally agreed development goals, including those contained in the Millennium Declaration. The present report suggests priorities for future action and emerging and critical issues. It also puts forward the suggestion that a global goal on sustainable forest management would help raise the profile of forests and provide a framework for national targets. In addition, notwithstanding any decision on possible routes for developing the international arrangement, there is a need for adequate financing to provide the means of implementation.

58. This report puts forward proposals for financing of sustainable forest management and pursues a variety of approaches, including consideration of a global forest fund, extending the scope for sustainable forest management to benefit from existing mechanisms, such as GEF, and ensuring that forest-related activities are orientated so that they contribute to wider political objectives, such as achieving internationally agreed development goals that have donor priority.

59. Finally, the report discusses the further development of the international arrangement on forests, in the light of the outcome of the meeting of the Ad Hoc Expert Group and the Guadalajara report.

VI. Points for discussion

60. In order for the United Nations Forum on Forests to carry out its full mandate, as set out by the Economic and Social Council in its resolution 2000/35, the Forum may wish to consider this report concurrently with the reports of the Secretary-General on review of the effectiveness of the international arrangement on forests (E/CN.18/2005/6) and on consideration with a view to recommending parameters of a mandate for developing a legal framework for all types of forests (E/CN.18/2005/9). Bearing this in mind, the Forum may wish to:

(a) Consider, and take stock of the review of progress, including catalysts and obstacles, presented in the present report;

(b) Examine the objectives, principal functions and priorities of the international arrangement on forests, considering the basis for future action and the need to provide flexibility to address emerging issues;

(c) Consider establishing a global goal for sustainable forest management, with a view to agreeing that such a goal might be incorporated into a ministerial declaration and a message from ministers responsible for

forests to the High-level Plenary Meeting of the sixtieth session of the General Assembly;

(d) Consider taking forward productive dialogue and action on financing of sustainable forest management;

(e) Consider the way forward on developing the international arrangement on forests, including the necessary institutional and financial modalities.

Notes

[1] See *Official Records of the Economic and Social Council, 2001, Supplement No. 22*, (E/2001/42/Rev.1), part two, chap. I.B.

[2] Resolution 2000/35, para. 17.

[3] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *resolutions adopted by the Conference*, resolution 1, annex III.

[4] Ibid., annex II.

[5] See *Official Records of the Economic and Social Council, 2004, Supplement No. 22* (E/2004/42), chap. I.B, resolution 4/3, para. 6.

[6] See World Bank, *Sustaining Forests: A Development Strategy*, Washington, D.C., 2004.

[7] A/CONF.199/PC/8.

[8] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002*, (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[9] On the basis of E/CN.18/AC.3/2004/3.

[10] General Assembly resolution 55/2, para. 23.

[11] Further information on global and regional cooperation frameworks and partnerships, is provided in the note by the Secretary-General on enhanced cooperation and policy and programme coordination (E/CN.18/2005/5).

[12] See E/CN.18/2004/5; a follow-up analysis with additional recommendations is also contained in the report of the Global Workshop on Transfer of Environmentally Sound Technologies and Capacity-Building for Sustainable Forest Management, held in Brazzaville from 24 to 27 February 2004.

[13] Co-sponsored by the Governments of Austria, Canada, Finland, France, Germany, Luxembourg, Netherlands, New Zealand, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States of America and Mexico, as well as FAO and the International Tropical Timber Organization.

[14] E/CN.18/2005/2.

[15] Ibid., paras. 48-52, 61 and 62.